



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
GRAYSON COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Gary Logsdon, County Judge/Executive
Members of the Grayson County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Grayson County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Grayson County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Grayson County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Grayson County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Gary Logsdon, County Judge/Executive
Members of the Grayson County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Grayson County, Kentucky, taken as a whole. The other information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present a schedule of Comments and Recommendations, included herein, which discusses the following noncompliance:

- The County Should Have A Written Agreement To Protect Deposits

In accordance with Government Auditing Standards, we have also issued our report dated April 14, 1999, on our consideration of Grayson County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 14, 1999

GRAYSON COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

Gary Logsdon	County Judge/Executive
Tom Goff	County Attorney
Margaret Woosley	County Clerk
Carroll Gibson	Circuit Court Clerk
Qulin Escue	Sheriff
Joey Stanton	Jailer
James Blanton	Property Valuation Administrator
Claudia Goode	County Treasurer
Ronald Hudson	Coroner
John White	Magistrate
Bill Crume	Magistrate
Boyd Cannon	Magistrate
Joe Skees	Magistrate
Clark Stanton	Magistrate
David Day	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

GRAYSON COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets and Other Resources

Assets

General Fund:

Cash	\$ 117,539
Investments	400,000

Road and Bridge Fund:

Cash	352,540
------	---------

Jail Fund:

Cash	202,794
------	---------

Jail Commissary Fund:

Cash	98
------	----

Local Government Economic Assistance Fund:

Cash	56,155
------	--------

E911 Fund:

Cash	17,395
------	--------

City Tax Revolving Account:

Cash	2,444
------	-------

Other Resources

Jail Fund:

Amounts To Be Provided In Future Years For Jail Detention Center- Lease Principal	270,101
--	---------

E911 Fund:

Amounts To Be Provided In Future Years For Emergency 911 Equipment - Lease Principal	137,000
---	---------

Total Assets and Other Resources

\$ 1,556,066

The accompanying notes are an integral part of the financial statements.

GRAYSON COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1998
 (Continued)

Liabilities

Jail Fund:

Capital Lease Obligation-

Jail Detention Center - Lease Principal Due (Note 5)	\$ 270,101
--	------------

E911 Fund:

Capital Lease Obligation-

Emergency 911 Equipment- Lease Principal Due (Note 5)	137,000
---	---------

City Tax Revolving Fund - Funds Due Others	2,444
--	-------

Fund Balances

Reserved:

Jail Commissary Fund	98
----------------------	----

Unreserved:

General Fund	517,539
--------------	---------

Road and Bridge Fund	352,540
----------------------	---------

Jail Fund	202,794
-----------	---------

Local Government Economic Assistance Fund	56,155
---	--------

E911 Fund	<u>17,395</u>
-----------	---------------

Total Liabilities and Fund Balances	<u>\$ 1,556,066</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

GRAYSON COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 4,830,522	\$ 1,691,693	\$ 1,762,547	\$ 1,100,159
Transfers In	45,000			
Jail Commissary Fund Receipts	79,410			
Total Cash Receipts	<u>\$ 4,954,932</u>	<u>\$ 1,691,693</u>	<u>\$ 1,762,547</u>	<u>\$ 1,100,159</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 4,463,111	\$ 1,456,889	\$ 1,665,195	\$ 1,057,459
Transfers Out	45,000	45,000		
Borrowed Money Repaid	24,803			5,803
Jail Commissary Fund Expenditures	80,070			
Total Cash Disbursements	<u>\$ 4,612,984</u>	<u>\$ 1,501,889</u>	<u>\$ 1,665,195</u>	<u>\$ 1,063,262</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 341,948	\$ 189,804	\$ 97,352	\$ 36,897
Cash Balance - July 1, 1997*	<u>804,573</u>	<u>327,735</u>	<u>255,188</u>	<u>165,897</u>
Cash Balance - June 30, 1998*	<u>\$ 1,146,521</u>	<u>\$ 517,539</u>	<u>\$ 352,540</u>	<u>\$ 202,794</u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

GRAYSON COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1998
 (Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	E911 Fund
\$	\$ 36,916	\$ 239,207
		45,000
<u>79,410</u>		
<u>\$ 79,410</u>	<u>\$ 36,916</u>	<u>\$ 284,207</u>
\$	\$ 10,053	\$ 273,515
		19,000
<u>80,070</u>		
<u>\$ 80,070</u>	<u>\$ 10,053</u>	<u>\$ 292,515</u>
<u>\$ (660)</u>	<u>\$ 26,863</u>	<u>\$ (8,308)</u>
<u>758</u>	<u>29,292</u>	<u>25,703</u>
<u>\$ 98</u>	<u>\$ 56,155</u>	<u>\$ 17,395</u>

GRAYSON COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Grayson County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity. Based upon the criteria stated in GASB 14, management has included the Jail Commissary Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Grayson County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk, investments exclude certificates of deposit.

GRAYSON COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.21 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The depository institution pledged securities of \$1,608,731. However, the depository institution's board of directors or loan committee did not approve the pledge agreement. In addition, the depository institution did not have a written agreement with the county.

GRAYSON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1998
 (Continued)

Note 4. Receivables

On March 6, 1989, the Grayson County Fiscal Court entered into an agreement with Twin Lakes Manufacturing, of Leitchfield, Kentucky, to loan the company \$150,000 Community Development Block Grant Funds. Funds were loaned at an interest rate of six percent for a period of five years. As of June 30, 1998, the principal balance due was \$71,974.

The county entered into another agreement with Twin Lakes Manufacturing to loan the company an additional \$38,871. These funds were loaned at an interest rate of five percent for a period of seven years. As of June 30, 1998, the principal balance due was \$34,326.

On March 15, 1996, Al Vetter, Jr. owner of Twin Lakes Manufacturing was granted bankruptcy and released from all dischargeable debts. The county was barred from attempting to collect on the debt owed to them. In prior years these loans were accounted for on the county's financial statement as a receivable and deferred revenue. We have removed these amounts from the financial statement due to their uncollectible status.

Note 5. Lease-Purchase Agreements

The county has entered into the following capital lease agreements:

Liabilities of the Jail Fund are:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Kentucky Association of Counties Leasing Trust Program - Jail Addition	4/20/92	4/20/17	4.25%	\$ 270,101

Liabilities of the E911 Fund are:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
E911 Equipment	4/8/94	4/20/04	5.369%	\$ 137,000

GRAYSON COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 1998
 (Continued)

Note 5. Lease-Purchase Agreements (Continued)

The county has entered into the following lease-purchase agreements:

Liabilities of the General Fund are:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Sheriff's Vehicles	7/1/95	7/1/99	4.25%	\$ 17,303
Voting Machines	1/20/98	7/1/95	4.25%	\$ 122,435

Liabilities of the Road and Bridge Fund are:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Truck and Plow	3/20/94	3/20/99	4.25%	\$ 16,593

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

GRAYSON COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 1,369,110	\$ 1,691,693	\$ 322,583
Road and Bridge Fund	1,551,103	1,762,547	211,444
Jail Fund	996,500	1,100,159	103,659
Local Government Economic Assistance Fund	20,982	36,916	15,934
E911 Fund	275,698	239,207	(36,491)
Total	<u>\$ 4,213,393</u>	<u>\$ 4,830,522</u>	<u>\$ 617,129</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 4,213,393
Add: Budgeted Prior Year Surplus			803,815
Less: Other Financing Uses			<u>(26,500)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 4,990,708</u>

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SCHEDULE OF OPERATING REVENUE

GRAYSON COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 388,290	\$ 388,290	\$	\$
Fee Pooling	263,615	263,615		
County Clerk:				
Deed Transfer Tax	33,059	33,059		
Occupational Licenses	109	109		
Delinquent Taxes	9,557	9,557		
Fee Pooling	450,320	450,320		
Tangible Personal Property Taxes:				
Other Counties	16,559	16,559		
County Clerk	74,758	74,758		
Occupational Employment Tax	931,692	233,576	698,116	
Franchise Fees	6,166	6,166		
Tourism Room Tax	42,476	42,476		
Telephone Tax	192,287			
In Lieu of Taxes:				
Tennessee Valley Authority	488	488		
Other in Lieu Payments	6,961	6,961		
Totals	\$ 2,416,337	\$ 1,525,934	\$ 698,116	\$ 0
<u>U.S. Treasurer</u>				
Housing Prisoners	\$ 306,953	\$ 0	\$ 0	\$ 306,953
<u>Federal Receipts - State Treasurer</u>				
Federal Disaster and Emergency				
Agency Reimbursement	\$ 18,466	\$ 3,495	\$ 14,971	\$
Flood Control Receipts	5,451	5,451		
Totals	\$ 23,917	\$ 8,946	\$ 14,971	\$ 0

GRAYSON COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local	
Government	
Economic	
Assistance	E911
Fund	Fund

\$	\$
----	----

192,287

\$	0	\$	192,287
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\$	0	\$	0
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\$		\$	
\$	0	\$	0

GRAYSON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 71,044	\$	\$	\$ 71,044
Medical Allotments	7,281			7,281
Driving Under The Influence Fees	5,803			5,803
Housing State Prisoners	83,048			83,048
Court Costs, Jail Operation	11,100			11,100
Jail Contract with Other Counties	16,856			16,856
Class D Felons	510,284			510,284
State Prisoner Pay	21,838			21,838
County Road Aid	875,176		875,176	
Truck License Distribution	151,651		151,651	
Recouped Public Defender Fees				
Courthouse Rental - Administrative	56,625	56,625		
Office of the Courts				
Net Court Revenue	3,432	3,432		
Refunds:				
Legal Process Tax	187	187		
Driver Licenses	2,300		2,300	
Dog Licenses	314	314		
State Reimbursement	150		150	
Severance Taxes:				
Mineral	35,898			
Board of Assessments	200	200		
Disaster and Emergency Services				
Reimbursement	5,910	5,910		
Totals	<u>\$ 1,859,097</u>	<u>\$ 66,668</u>	<u>\$ 1,029,277</u>	<u>\$ 727,254</u>
<u>Miscellaneous Revenue</u>				
Interest	\$ 39,720	\$ 14,332	\$ 17,478	\$ 6,258
Circuit Court Clerk:				
Work Release	12,755			12,755
Jail:				
Telephone Commissions	28,312			28,312

GRAYSON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Local	
Government	
Economic	
Assistance	E911
Fund	Fund

\$	\$
----	----

35,898

\$	35,898	\$	0
----	--------	----	---

\$	1,018	\$	634
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GRAYSON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue (Continued)</u>				
Licenses and Permits:				
Building Permit	\$ 4,601	\$ 4,601	\$	\$
Solid Waste	200	200		
Charges for Services:				
Bond Acceptance Fees	2,170			2,170
General Prisoner Population	1,842			1,842
Ambulance Service	24,230	24,230		
Bookkeeping Reimbursement	10,622	10,622		
Surplus Property Sales	405	405		
City Contribution	45,000			
Miscellaneous Items	54,361	35,755	2,705	14,615
Totals	\$ 224,218	\$ 90,145	\$ 20,183	\$ 65,952
Total Operating Revenue	<u>\$ 4,830,522</u>	<u>\$ 1,691,693</u>	<u>\$ 1,762,547</u>	<u>\$ 1,100,159</u>

GRAYSON COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

Local Government Economic Assistance Fund	E911 Fund
\$	\$
	45,000
	1,286
\$ 1,018	\$ 46,920
\$ 36,916	\$ 239,207

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

GRAYSON COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	Final <u>Budget</u>	Budgeted <u>Expenditures</u>	Under (Over) <u>Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 48,617	\$ 48,312	\$ 305
Office Staff	38,258	38,258	
Office Materials and Supplies	7,500	5,060	2,440
Dues	990	990	
Official Expenses	500	142	358
Office Equipment	5,000	746	4,254
Office of County Attorney:			
Salaries-			
County Attorney	5,862	5,553	309
Office Staff	5,926	5,925	1
Office of County Clerk:			
Salaries-			
County Clerk	48,617	48,316	301
Deputies	172,820	146,855	25,965
County Clerk - Expense Allowance	3,600	3,600	
Equipment Repairs	1,993	1,993	
Office Materials and Supplies	35,000	22,982	12,018
Deputy Training	2,500	1,309	1,191
Office Equipment	4,538	4,538	
Telephone	3,500	2,926	574
Travel Expense	1,000	564	436
Postage	4,462	2,710	1,752
Bond	500	267	233
Association Dues	700	650	50
Tax Bill Preparation	16,344	16,344	
Office of Sheriff:			
Salaries-			
Sheriff	48,617	48,312	305
Deputies	195,086	187,055	8,031
Clerk's Salary	2,600		2,600

GRAYSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of Sheriff: (Continued)			
Hazardous Duty Retirement	\$ 24,962	\$ 20,962	\$ 4,000
Overtime - Federal Grant	7,139		7,139
Crime Analyst - Federal Grant	20,000	11,667	8,333
Consultant Fee/Contracts - Federal Grant	4,837		4,837
Other - Federal Grant	3,390	3,390	
Travel - Federal Grant	10,780	1,052	9,728
Specific Function - Equipment and Supplies - Federal Grant	7,990	7,317	673
Special Projects - Federal Grant	2,000	452	1,548
Radar Payment	229		229
Ammunition	1,800	1,729	71
Gas and Vehicle Maintenance	27,723	27,723	
Uniform	5,421	5,421	
Supplies and Publications	7,849	7,849	
Vehicle Insurance	33		33
Medical Service	322	307	15
Postage	6,000	5,720	280
Refunds	700	155	545
Bond	600	416	184
Telephone	5,310	5,208	102
Materials and Supplies	4,296	4,296	
New Equipment	3,000	1,322	1,678
Training	128	20	108
Travel	2,329	2,329	
Office of County Coroner:			
Salaries-			
County Coroner	6,600	6,600	
Deputy Coroner	2,100	2,100	
Fiscal Court:			
Magistrates-			
Salaries	24,994	24,994	
Official Expenses	24,993	24,993	
Association Dues	850	835	15

GRAYSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Fiscal Court: (Continued)			
Fiscal Court Clerk	\$ 225	\$ 225	\$
Office of Property Valuation Administrator:			
Telephone	2,696	1,960	736
Statutory Contribution	24,278	24,278	
Office of Board of Assessment Appeals:			
Per Diem	1,000	400	600
Office of County Treasurer:			
County Treasurer Salary	24,487	24,462	25
Office Materials and Supplies	1,389	1,389	
County Law Library:			
Law Librarian Salary	600	600	
Elections:			
Per Diem-			
Election Commissioners	2,910	2,720	190
Election Tabulators	225	135	90
Travel	7,500	6,703	797
Fees	300	258	42
Maintenance and Repairs	1,500	710	790
Polling Place Rent	1,000		1,000
Printing and Advertising	4,124	3,463	661
Courthouse:			
Janitors Salaries	28,265	28,218	47
Telephone	6,000	5,530	470
Utilities	73,794	73,794	
Equipment	500		500
Renewals and Repairs	15,735	12,469	3,266
Maintenance and Supplies	15,788	15,788	

GRAYSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
<u>Protection to Persons and Property</u>			
Juvenile Detention:			
Housing Juveniles	\$ 50,000	\$ 38,808	\$ 11,192
Building Inspector:			
Salaries	5,000	3,006	1,994
Disaster and Emergency Services:			
Service Salaries	21,971	21,950	21
Equipment	300		300
Service Supplies	300		300
Travel	500	225	275
Ambulance Service:			
Contribution	6,000		6,000
State Contribution	25,000	4,230	20,770
Forestry Fire Protection:			
Kentucky State Treasurer	3,000	2,956	44
Dog Control:			
Salaries	7,527	7,476	51
Materials and Supplies	300		300
Dog Tags	314	314	
Boarding Fees	15,000	15,000	
Sanitary Landfill:			
Salaries	15,043	15,040	3
<u>Other Recreation Programs:</u>			
Insurance Reimbursements	3,496	3,496	
Tourism Commission	42,316	42,316	
Historic Falls of Rough	5,000		5,000
Soil Conservation	21,000	21,000	

GRAYSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Health and Sanitation</u>			
<u>Debt Service</u>			
Law Enforcement:			
Vehicles	\$ 17,478	\$ 17,478	\$
Borrowed Money:			
Principal	26,432		26,432
Interest	2,405		2,405
Other County Liabilities:			
Voting Machines -Principal	7,186	7,186	
<u>Administration</u>			
General Services:			
Maintenance Supervisor	15,891	11,198	4,693
Legal Publications and Notices	3,896	3,896	
Auditing Services	14,130	13,332	798
Insurance Premiums	43,898	43,898	
Official Bond Premium	4,340	4,340	
Area Development District Dues	6,315	6,315	
State Association of Counties Dues	900	900	
Insurance Repayment	4,301	4,301	
Miscellaneous	6,736	6,736	
Fringe Benefits:			
County Contributions-			
Social Security	59,500	54,751	4,749
Retirement	58,100	54,232	3,868
Health Insurance	69,916	69,916	
Worker's Compensation	50,599	9,693	40,906
Unemployment Insurance	8,844	8,844	
Audit Adjustment	690	690	
Total General Fund	\$ 1,696,845	\$ 1,456,889	\$ 239,956

GRAYSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u>			
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	\$ 29,967	\$ 29,863	\$ 104
Utilities	4,000	3,707	293
Telephone	4,200	4,137	63
Road Maintenance:			
Salaries-			
Road	268,400	262,410	5,990
Mechanic	33,461	33,380	81
Contracted Construction Roads	11,445	9,108	2,337
Machinery and Equipment-			
Repairs	29,111	29,111	
Equipment Maintenance and Repairs	118,695	100,862	17,833
Materials	967,626	967,626	
Road Operations Supplies	55,000	48,967	6,033
Snow Removal	15,000	250	14,750
Prisoners - Road Expenses	3,500	2,792	708
<u>Debt Service</u>			
Borrowed Money:			
Truck and Plow - Principal	40,770	7,742	33,028
Truck and Plow - Interest	11,459	2,195	9,264
<u>Capital Projects</u>			
Buildings:			
Materials and Supplies	2,000	416	1,584
<u>Administration</u>			
General Services:			
Insurance Premiums	42,352	42,352	
Insurance Repayments	5,000	5,000	
Miscellaneous Expenses	2,579	2,473	106

GRAYSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Administration (Continued)</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	\$ 24,456	\$	\$ 24,456
Fringe Benefits:			
County Contributions-			
Retirement	28,715	22,352	6,363
Social Security	25,452	24,311	1,141
Health Insurance	37,394	37,394	
Worker's Compensation	31,762	14,801	16,961
Unemployment Insurance	13,946	13,946	
Total Road and Bridge Fund	<u>\$ 1,806,290</u>	<u>\$ 1,665,195</u>	<u>\$ 141,095</u>

JAIL FUND

Protection to Persons and Property

Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 48,700	\$ 48,308	\$ 392
Jail Personnel	472,296	472,176	120
Administrative Personnel	6,300	6,300	
Food Service Personnel	2,000		2,000
Association Dues	530	530	
Staff Training	1,099	1,099	
Operations-			
Cleaning Supplies	18,299	18,299	
Food	120,222	120,222	
Food Preparation and Service Supplies	2,802	2,802	
Jail Linens	3,969	3,969	
Office Supplies	3,500	2,474	1,026
Office of Jailer:			
Operations-			
Prisoner Clothing	2,214	2,214	
Prisoner Hygiene	1,500	850	650

GRAYSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Protection to Persons and Property (Continued)</u>			
Office of Jailer: (Continued)			
Operations- (Continued)			
Routine Medical	\$ 62,331	\$ 62,331	\$
Pest Control	650	570	80
Staff Uniforms	7,027	7,027	
Staff Travel	3,500	664	2,836
Telephone	5,159	5,159	
Utilities	28,000	17,761	10,239
Contracts with Other Counties	500		500
Vehicles	30,167	30,167	
Building Insurance	2,700	2,700	
Liability Insurance	12,000	12,000	
Vehicle and Equipment Insurance	5,800	5,800	
Insurance Repayment	3,000	3,000	
Miscellaneous Operating Expense	8,138	8,138	
Maintenance-			
Building Repairs	9,787	9,787	
Equipment Repairs	3,385	3,385	
Equipment-			
Communication Equipment	4,887	4,887	
Data Processing Equipment	3,947	3,947	
Plant Operation Equipment	4,321	4,321	
Other Equipment	3,000	2,254	746
<u>Debt Service</u>			
Borrowed Money:			
Interest	20,575	13,723	6,852
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	28,977		28,977

GRAYSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Administration (Continued)</u>			
Fringe Benefits:			
County Contributions-			
Retirement	\$ 89,800	\$ 71,614	\$ 18,186
Social Security	38,000	35,774	2,226
Health Insurance	59,815	59,815	
Worker's Compensation	33,000	10,419	22,581
Unemployment Insurance	3,000	2,973	27
Total Operating Budget	\$ 1,154,897	\$ 1,057,459	\$ 97,438
Other Financing Uses:			
Borrowed Money-			
Principal	7,500	5,803	1,697
Total Jail Fund	\$ 1,162,397	\$ 1,063,262	\$ 99,135
LOCAL GOVERNMENT ECONOMIC <u>ASSISTANCE FUND</u>			
<u>Roads</u>			
Road Materials	\$ 7,919	\$	\$ 7,919
<u>General Government</u>			
Office of Coroner:			
Autopsies	6,500	2,269	4,231
Travel	2,600	678	1,922
Office of the Public Defender:			
Public Advocacy	2,631	2,631	
<u>General Health and Sanitation</u>			
Dog Control:			
Dog Warden Travel	3,500	2,758	742

GRAYSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)</u>			
Solid Waste Program	\$ 1,000	\$ 40	\$ 960
Mental Health: Comprehensive Care	3,000	427	2,573
<u>Social Services</u>			
Services to Indigents: Pauper Burials	500	250	250
<u>Recreation and Culture</u>			
Recreation Programs	3,000	1,000	2,000
<u>Administration</u>			
Contingent Appropriations: Reserve for Budget Transfers	<u>19,625</u>		<u>19,625</u>
Total Local Government Economic Assistance Fund	<u>\$ 50,275</u>	<u>\$ 10,053</u>	<u>\$ 40,222</u>
<u>E911 Fund</u>			
Emergency Dispatch Service:			
Salaries-			
Coordinator and Supervisor	\$ 34,231	\$ 34,231	\$
Bookkeeper	4,322	4,322	
Staff	130,000	126,793	3,207
Telephone	32,000	31,654	346
Maintenance Contract	6,430	6,430	
Building Rent	2,464	2,464	
Materials and Supplies	1,646	1,646	
Telephone	1,103	852	251
Training	876	206	670
Travel	1,503	1,503	
Miscellaneous	608	608	

GRAYSON COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>E911 Fund (Continued)</u>			
Emergency Dispatch Service: (Continued)			
Communication Equipment	\$ 5,581	\$ 5,581	\$
Vehicle	1,293	1,293	
Office Equipment	2,732	2,732	
<u>Debt Service</u>			
Other County Liabilities:			
Interest on Lease for Equipment	9,887	7,883	2,004
<u>Administration</u>			
General Services:			
Insurance	3,200	3,200	
Fringe Benefits:			
County Contributions-			
Retirement	12,857	11,896	961
Social Security	12,382	11,452	930
Health Insurance	17,068	16,659	409
Worker's Compensation	450	410	40
Unemployment Insurance	1,768	1,700	68
Total Operating Budget	\$ 282,401	\$ 273,515	\$ 8,886
Other Financing Uses:			
Borrowed Money-			
Principal	19,000	19,000	
Total E911 Fund	\$ 282,914	\$ 274,028	\$ 8,886
Total Budget -All Funds	\$ 4,990,708	\$ 4,463,111	\$ 527,597
Other Financing Uses:			
Borrowed Money-			
Principal	26,500	24,803	1,697
TOTAL BUDGET - ALL FUNDS	\$ 5,017,208	\$ 4,487,914	\$ 529,294

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Gary Logsdon, County Judge/Executive
Members of the Grayson County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An
Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Grayson County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated April 14, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Grayson County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of Comments and Recommendations.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Grayson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Gary Logsdon, County Judge/Executive
Members of the Grayson County Fiscal Court
Report On Compliance And On Internal Control Over
Financial Reporting Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 14, 1999

COMMENTS AND RECOMMENDATIONS

GRAYSON COUNTY
COMMENTS AND RECOMMENDATIONS

Fiscal Year Ended June 30, 1998

NONCOMPLIANCES

The County Should Have A Written Agreement To Protect Deposits

The county maintained deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). The county had a bank balance of \$1,232,747; FDIC insurance of \$100,000; and securities pledged of \$1,608,731 as of June 30, 1998. Even though the county obtained pledged securities of \$1,608,731, the pledge agreement was not approved by the board of directors of the depository institution or its loan committee nor evidenced by a written agreement. We recommend the county enter into a written agreement with the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. According to federal law, 12 U.S.C.A. § 1823(e), this agreement should be (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Management's Response:

During the audit process, this was corrected.

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**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

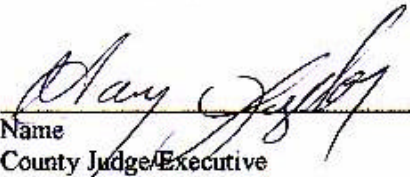
GRAYSON COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1998

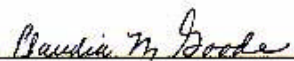
Appendix A

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC DEVELOPMENT PROGRAM
GRAYSON COUNTY FISCAL COURT

The Grayson County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Fund was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer